# Committee on Government Reform
## Tom Davis, Chairman

## *MEDIA ADVISORY*

**For Immediate Release**
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# New Century, New Process: A Preview of Competitive Sourcing for the 21st Century

***Committee to Examine Revised A-76 Circular***

**What: Government Reform Committee hearing on Competitive Sourcing**

**When: Thursday, June 26, 2003, 9:30 a.m.**

**Where: Room 2154 Rayburn House Office Building**

**Summary:**

This hearing will examine the newly revised Office of Management Budget (OMB) Circular A-76 (the Circular).

The Circular sets forth the policies and procedures federal agencies must follow when conducting public-private competitions to determine whether federal or contractor employees should perform the government's commercial activities. The revised Circular, which became effective on May 29, 2003, extensively reforms the existing competitive sourcing process.

Specifically, the new rules establish tighter deadlines for competitions, require competitions to be based on the government's Federal Acquisition Regulation (FAR), permit certain competitions to be evaluated using a "best value" standard, and mandate close monitoring of the winner's performance. The revisions are central to facilitating the Administration's competitive sourcing initiative, which is one the priorities outlined in the President's Management Agenda.

According to the Office of Management and Budget, "nearly half of all federal employees perform tasks that are readily available in the commercial marketplace – tasks like data collection, administration support, and payroll services. Historically, the government has realized cost savings in a range of 20 to 50 percent when federal and private sector service providers compete to perform these functions."

On June 19, 2003, the National Treasury Employees Union (NTEU) filed a lawsuit in federal court seeking to overturn the revised A-76 rules. The NTEU suit challenges portions of the new circular involving the determination of whether a function is "inherently governmental," which under the Federal Activities Inventory Reform (FAIR) Act of 1998 must be performed by federal employees. According to the lawsuit, the new circular violates the FAIR Act by, among other things, narrowing the definition of activities that are "inherently governmental." The FAIR Act defines an "inherently governmental" activity as one "that is so intimately related to the public interest as to require performance by federal government employees." The definition includes activities that require federal employees to exercise "discretion" in policymaking. The revised Circular defines an inherently governmental activity in a similar fashion but requires federal employees to exercise "substantial discretion" in government decision-making for the position to be considered "inherently governmental."

**Panel One Witnesses:**
**The Honorable David M. Walker**, Comptroller General, U.S. General Accounting Office;
**The Honorable Angela Styles**, Director, Office of Federal Procurement Policy, Office of Management and Budget;
**Phil Grone**, Principal Assistant Deputy Under Secretary of Defense for Installations and Environment, Department of Defense;
**Scott J. Cameron**, Deputy Assistant Secretary for Performance and Management, Department of the Interior.

**Panel Two Witnesses:**
**Bobby L. Harnage Sr.**, National President, American Federation of Government Employees;
**Colleen M. Kelley**, President, National Treasury Employees Union;
**Donald D. Dilks**, President, DDD Company (Landover, Maryland), On Behalf of the Contracts Services Association; and
**Stan Z. Soloway**, President, Professional Services Council.

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